

MINUTES OF THE
FISCAL POLICY COMMITTEE OF
VISTA IRRIGATION DISTRICT

October 16, 2017

A Meeting of the Fiscal Policy Committee was held on Monday, October 16, 2017, at the offices of the District, 1391 Engineer Street, Vista, California.

1. CALL TO ORDER

Chair Miller called the meeting to order at 3:00 p.m.

2. ROLL CALL

Directors present: Chair Miller and Director Dorey.

Staff present: Eldon Boone, General Manager; Marian Schmidt, Assistant Secretary of the Board; Brett Hodgkiss, Assistant General Manager; Brian Smith, Director of Engineering; Randy Whitmann, Engineering Project Manager; Marlene Kelleher, Finance Manager; and Farrokh Shahamiri, Finance Associate.

3. APPROVAL OF AGENDA

The agenda was approved as presented.

4. PUBLIC COMMENT TIME

There were no members of the public present.

5. DISTRICT FEES AND CHARGES OTHER THAN WATER RATES

See staff report attached hereto.

Mr. Brett Hodgkiss provided a brief summary of the proposed revisions to the District's fees and charges. He reported to the Committee that the purpose of the fees and charges is to cover costs associated with the services provided by the District. Mr. Hodgkiss further stated revisions to the fees and charges are necessary to properly account for changes in the cost of materials, labor and contracted services as well as updated processes.

Mr. Hodgkiss reviewed the fee changes with the Committee, noting that they were primarily related to either an increase or a decrease in the cost of paving services and/or parts. He commented that the Restoration of Water Rights, Assignment of Water Rights, and Imported Water Entitlement fees were being eliminated; these fees are now being captured in the new Capacity Fee calculations. Mr. Brian Smith provided a brief overview of the aforementioned water rights and entitlement fees and explained why they are now being captured as part of the Capacity Fee calculation.

After a brief discussion, the Committee approved the proposed revisions and directed staff to place an item on the November 1, 2017 Board meeting agenda to conduct a public hearing for the purpose of receiving comments on revisions to the District's Rules and Regulations relative to fees and charges other than water rates.

6. PURCHASING POLICY

See staff report attached hereto.

Mr. Hodgkiss reviewed the proposed revisions to the District's Purchasing Policy, indicating that they mainly reflect inflationary adjustments to various purchasing thresholds. Examples of inflationary adjustments include increasing the purchasing approval threshold for the General Manager from \$50,000 to \$60,000 and increasing the threshold for requiring a standard contract and purchase order from \$5,000 to \$6,000. He noted that several other changes were being proposed to reflect current operational realities, including the use of vendor credit cards and accounts.

Mr. Hodgkiss reported that the District has a number of vendor credit cards and accounts. He stated that a new section is proposed to be added to the policy to address the procurement of various types of credit cards as well as vendor credit. Mr. Hodgkiss further stated, as drafted, the General Manager or a designee would be authorized to obtain various types of credit cards and establish vendor credit to facilitate the procurement of services, supplies and equipment; all purchases using District credit cards or vendor credit would be required to comply with applicable Purchasing Policy requirements.

Mr. Eldon Boone explained that currently the District only has one non-vendor credit card, and it is only used for to pay for conference registrations and travel. He informed the Committee that the District is looking into obtaining an additional non-vendor credit card to be used to procure supplies and equipment, mainly online, which would eliminate the need to have employees use their own credit cards to make purchases online and get reimbursed. Mr. Boone advised the Committee that the procurement of a new non-vendor credit card would be brought to the Board for its approval.

After a brief discussion, the Committee directed staff to place an item on a future Board agenda to discuss the proposed revisions to the Purchasing Policy.

7. COMMENTS BY COMMITTEE MEMBERS

None were presented.

8. COMMENTS BY GENERAL MANAGER


None were presented.

9. ADJOURNMENT

There being no further business to come before the Committee, at 3:32 p.m. Chair Miller adjourned the meeting.


Marty Miller, Chair

ATTEST:


Marian Schmidt, Assistant Secretary
Board of Directors
VISTA IRRIGATION DISTRICT



**FISCAL POLICY COMMITTEE
STAFF REPORT**

Agenda Item: 5

Meeting Date: October 16, 2017
Prepared By: Marlene Kelleher
Reviewed By: Brett Hodgkiss
Approved: Eldon Boone

SUBJECT: DISTRICT FEES AND CHARGES OTHER THAN WATER RATES

RECOMMENDATION: Review the proposed revisions to the District's fees and charges and recommend that the Board of Directors call for a public hearing for the purpose of receiving comments on revisions to the District's Rules and Regulations relative to fees and charges other than water rates.

PRIOR BOARD ACTION:

10/19/16 Conducted a public hearing. There were no public comments, written or oral, presented. Adopted Resolution No. 16-28 revising the Rules and Regulations of the District relative to fees and charges other than water rates.

FISCAL IMPACT: The revenue produced by these fees and charges is designed to recover the costs associated with the services provided by the District. Adoption of the new miscellaneous fees and charges will increase revenue to the District if the number and type of transactions remain similar to those in the past. In fiscal year 2017, the District collected approximately \$2.4 million in revenues from miscellaneous fees and charges. Staff estimates an increase in annual fee revenues of approximately \$60,000.

SUMMARY: Every year, the District performs a nexus study to ensure that its fees and charges accurately reflect the actual costs of providing services and only those costs. As a result, the District's fees and charges need revision to properly account for changes in the cost of labor, materials, and outside services for the coming year. The fee summary schedule attached is a comprehensive list of fees and charges other than water rates. The proposed modifications to the fee summary result from changes in material costs, updated process analyses, changes in labor costs and costs of outside services.

The District's fees and charges are being presented to the Fiscal Policy Committee for review and comment prior to consideration by the full Board. After the Committee's review and recommendation, the Board will conduct a public hearing to receive comments prior to considering adoption of the revised fees and charges. The fees would become effective January 1, 2018.

DETAILED REPORT: Staff has performed detailed costs studies on all fees and charges. The proposed changes are necessary due to inflationary factors and the updated results of the very detailed analysis of the cost make-up of each fee. The proposed fees are calculated using current costs for labor, materials and outside services. A majority of the changes in this fee study are related to either an increase or a decrease in the cost of paving services and/or parts. Staff will present the changes of individual fees at the Committee meeting. The proposed fees reflect the estimated cost of providing services in calendar year 2018.

ATTACHMENT: Proposed Fee Summary

Vista Irrigation District

PROPOSED FEE SUMMARY

Effective: January 1, 2018

	Current Fee	Proposed Fee	\$ Change	% Change
Construction Fees:				
5/8" Meter Full Install *	\$ 4,729	\$ 4,489	\$ (240)	(5.1%)
5/8" Meter Hook On	845	848	3	0.4%
5/8" Service Outlet *	3,884	3,641	(243)	(6.3%)
3/4" Meter Full Install *	4,717	4,490	(227)	(4.8%)
3/4" Meter Hook On	833	849	16	1.9%
3/4" Service Outlet *	3,884	3,641	(243)	(6.3%)
1" Meter Full Install *	4,828	4,598	(230)	(4.8%)
1" Meter Hook On	944	957	13	1.4%
1" Service Outlet *	3,884	3,641	(243)	(6.3%)
1 1/2" Meter Full Install *	6,181	5,862	(319)	(5.2%)
1 1/2" Meter Hook On	1,367	1,377	10	0.7%
1 1/2" Service Outlet *	4,822	4,485	(337)	(7.0%)
2" Meter Full Install *	6,716	6,839	123	(1.8%)
2" Meter Hook On	1,767	1,776	9	0.5%
2" Service Outlet *	4,949	5,063	114	2.3%
Fire Hydrant Full Install *	12,952	12,874	(78)	(0.6%)
Fire Hydrant Upgrade *	5,805	5,987	182	3.1%
4" Fire Service Connection *	8,521	8,343	(178)	(2.1%)
6" Fire Service Connection *	9,003	8,781	(222)	(2.5%)
8" Fire Service Connection *	9,836	9,703	(133)	(1.4%)
10" Fire Service Connection *	10,540	11,278	738	7.0%
Air Vent, Blow Off, and Gate Valve for Fire Service	3,942	4,004	62	1.6%
Commercial Irrigation Service Conversion Fee	1,676	1,928	252	15.0%
Backflow Device Set-up	236	240	4	1.7%
Reset Pressure Valve	177	180	3	1.7%
1" Construction Meter Deposit With Backflow Device	631	607	(24)	(3.8%)
Refundable Amount	241	241	-	0.0%
1" Construction Meter Deposit With Spanner and Backflow Device	659	635	(24)	(3.6%)
Refundable Amount	264	264	-	0.0%
3" Construction Meter Deposit With Backflow Device	2,922	3,754	832	28.5%
Refundable Amount	1,868	2,582	714	38.2%
Unauthorized Taking of District Water	2,512	2,576	64	2.5%
Relocate Construction Meter	148	150	2	1.4%
Unauthorized Construction Meter and Backflow Device Move Penalty	303	308	5	1.7%
Subdivision Construction Meter Deposit	8,986	9,052	66	0.7%
Refundable Amount	6,921	6,993	72	1.0%
Meter Service Lateral Termination	1,946	1,702	(244)	(12.5%)
Temporary Offsite Meter	7,014	6,674	(340)	(4.8%)
Plus: Per Foot Frontage Charge	63	58	(5)	(7.9%)
Temporary Service Agreement Conversion	7,632	7,283	(349)	(4.6%)
Plus: Per Foot Frontage Charge	63	58	(5)	(7.9%)
Temporary Service Agreement Conversion Excluding Tieback and Permit	6,012	5,663	(349)	(5.8%)
Plus: Per Foot Frontage Charge	63	58	(5)	(7.9%)
Cancellation of Meter Application	246	250	4	1.6%
Meter Downsize from 3/4"	570	570	-	-
Meter Downsize from 1"	570	570	-	-
Meter Downsize from 1 1/2"	947	937	(10)	(1.1%)
Meter Downsize from 2"	1,109	1,099	(10)	(0.9%)

* The cost of permit associated with this fee will be determined at the time of application. The cost of permit is dependent upon its jurisdiction.

Vista Irrigation District

PROPOSED FEE SUMMARY

Effective: January 1, 2018

	Current Fee	Proposed Fee	\$ Change	% Change	
Engineering Fees:					
Hydraulic Analysis with Schematic Layout	\$ 551	\$ 561	\$ 10	1.8%	
Statement of Cost	374	381	7	1.9%	
Update Statement of Cost	197	201	4	2.0%	
Specifications Book Cost	66	67	1	1.5%	
Plan Check (per Sheet)	452	460	8	1.8%	
As-Built Deposit (per Sheet)	553	442	(111)	(20.1%)	
Refundable Amount (per Sheet)	553	442	(111)	(20.1%)	
Construction Contract	1,558	1,655	97	6.2%	
Water Availability Letter	243	247	4	1.6%	
Water Availability Letter Update	129	131	2	1.6%	
Private Ownership Agreement	795	788	(7)	(0.9%)	
Grant of Right of Way (to Public)	563	552	(11)	(2.0%)	
Restoration of Water Rights **	353	-	(353)	(100.0%)	
Assignment of Water Rights **	412	-	(412)	(100.0%)	
Imported Water Entitlement **	412	-	(412)	(100.0%)	
Quitclaim/Cancellation of Recorded Documents	619	609	(10)	(1.6%)	
Fire Flow Analysis (Only)	207	210	3	1.4%	
Annexation Fee (per Acre)	5,807	6,133	326	5.6%	
Annexation/Administration - VID Not Conducting Agency	2,126	2,162	36	1.7%	
Annexation/Administration - VID Conducting Agency	2,126	2,162	36	1.7%	
Annexation/Administration - VID Conducting Reorganization	2,126	2,162	36	1.7%	
Detachment Fee (per Acre)	-	-	-	-	
Detachment/Administration - VID Conducting Agency	2,126	2,162	36	1.7%	
Detachment/Administration - VID Not Conducting Agency	2,126	2,162	36	1.7%	
5/8" Capacity Fee	<i>Current # of meters: 5,590</i>	3,585	3,681	96	2.7%
3/4" Capacity Fee	<i>Current # of meters: 16,759</i>	5,378	5,521	143	2.7%
1" Capacity Fee	<i>Current # of meters: 2,753</i>	8,963	9,202	239	2.7%
1 1/2" Capacity Fee	<i>Current # of meters: 1,304</i>	17,926	18,405	479	2.7%
2" Capacity Fee	<i>Current # of meters: 870</i>	28,681	29,448	767	2.7%
3" Capacity Fee	<i>Current # of meters: 54</i>	57,362	58,896	1,534	2.7%
4" Capacity Fee	<i>Current # of meters: 14</i>	89,628	92,025	2,397	2.7%
6" Capacity Fee	<i>Current # of meters: 14</i>	179,256	184,049	4,793	2.7%
8" Capacity Fee	<i>Current # of meters: 2</i>	286,809	294,479	7,670	2.7%
10" Capacity Fee	<i>Current # of meters: 1</i>	412,288	423,314	11,026	2.7%
12" Capacity Fee	<i>Current # of meters: 0</i>	770,800	791,413	20,613	2.7%
Meter Service Lateral Inspection	570	580	10	1.8%	
RPDA Inspection	511	520	9	1.8%	
RPDA and Lateral Inspection Without Shutdown	1,219	1,240	21	1.7%	
RPDA and Lateral Inspection With Shutdown	2,045	2,080	35	1.7%	
Fire Hydrant Inspection	865	880	15	1.7%	
Fire Hydrant and Lateral Inspection without Shutdown	1,573	1,600	27	1.7%	
Fire Hydrant and Lateral Inspection with Shutdown	1,927	1,960	33	1.7%	

** No longer needed as the fee is captured in the new Capacity Fee calculations.

Vista Irrigation District
PROPOSED FEE SUMMARY
Effective: January 1, 2018

	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>\$ Change</u>	<u>% Change</u>
Customer Service Fees:				
Late Payment	\$ 12	\$ 13	\$ 1	8.3%
Door Hanger	51	52	1	2.0%
Non-Payment Lock	137	140	3	2.2%
After Hours Lock or Unlock	156	158	2	1.3%
Broken Lock	156	158	2	1.3%
Pulled Meter	156	158	2	1.3%
Tax Roll	59	63	4	6.8%
Returned Check	35	36	1	2.9%
Voluntary Lock or Unlock	59	60	1	1.7%
Meter Bench Test	305	400	95	31.1%
Water Conservation Fees:				
Second Water Citation within 12 Months	\$ 207	\$ 211	\$ 4	1.9%
Third Water Citation within 12 Months	445	446	1	0.2%
Four or More Water Citations within 12 Months	682	683	1	0.1%
1" and Smaller Flow Restrictor Installation & Removal	277	281	4	1.4%
1½" and 2" Flow Restrictor Installation & Removal	525	534	9	1.7%



**FISCAL POLICY COMMITTEE
STAFF REPORT**

Agenda Item: 6

Meeting Date:
Prepared By:
Reviewed By:
Approved:

October 16, 2017
Marlene Kelleher
Brett Hodgkiss
Eldon Boone

SUBJECT: PURCHASING POLICY

RECOMMENDATION: Consider revisions to Purchasing Policy, Section 4.3 of the District Rules and Regulations.

PRIOR BOARD ACTION: Adopted the current Purchasing Policy on June 4, 2008.

FISCAL IMPACT: None.

SUMMARY: At their July 19, 2017 meeting, the Board requested that an item be placed on a future agenda to consider increasing the purchasing threshold for the General Manager. The Purchasing Policy has remained unchanged for over nine years. In order to reflect current operational realities and changes that have transpired over that time, including inflation, staff proposes the policy be modified and updated. Since June 2008, inflation has increased by over sixteen percent (16%); staff proposes that the inflationary adjustment be rounded up to twenty percent (20%) and that all dollar thresholds contained in the policy be adjusted by this percentage.

DETAILED REPORT: The proposed revisions to the Purchasing Policy mainly reflect inflationary adjustments to various purchasing thresholds. As proposed, the approval threshold for the General Manager would increase from \$50,000 to \$60,000; all purchases and contracts in excess of \$60,000 would require Board Approval. The threshold for formal bids would increase from \$50,000 to \$60,000. The requirement to use the District's standard contract and purchase order would be adjusted from \$5,000 to \$6,000. Additionally, it is proposed that the General Manager's approval authority for individual and cumulative change orders be adjusted from \$100,000 and \$200,000 to \$120,000 and \$240,000, respectively.

Currently, the District has a number of vendor credit cards and accounts; a new section is proposed to be added to the policy to address the procurement of various types of credit cards as well as vendor credit. As drafted, the General Manager or designee would be authorized to obtain District credit cards, gasoline cards or merchant cards and establish vendor credit to facilitate the procurement of services, supplies and equipment, and all purchases using District credit cards or vendor credit would be required to comply with applicable Purchasing Policy requirements.

The proposed Purchasing Policy is presented in "redline" (strikeout/underline) format from the previous version approved by the Board. If the Board adopts the Purchasing Policy for inclusion in the Rules and Regulations, the General Manager will update the Purchasing Procedures accordingly.

ATTACHMENT: Redline version of proposed Purchasing Policy

4.3 PURCHASING POLICY

<i>Adoption Date:</i>	June 4, 2008
<i>Action:</i>	Approved by VID Board of Directors, Minute Order No. 08-06-72
<i>Applicable Law/Code/Agency:</i>	California Water Code, California Government Code, Public Contract Code

4.3.1 Purpose

The purpose of this policy is to secure District supplies, services and equipment in the most efficient and effective manner.

4.3.2 Attachments

None.

4.3.3 Definitions

Definitions are contained in the glossary of the Purchasing Procedures.

4.3.4 Goals

The purchasing goals of the District shall be as follows:

- A. The District shall purchase the right goods at the best price at the right time, encourage competition among vendors, and maintain a consistent and satisfactory supply of goods and services for the District's use.
- B. The purchase of supplies, services, and equipment shall be made at the lowest possible cost commensurate with acceptable quality.
- C. Positive financial controls shall be exercised over purchases to ensure that goods and services are pre-authorized and that expenditures do not exceed budgeted amounts without proper approval.
- D. Authority and responsibilities for the purchasing function shall be clearly defined.
- E. When all other considerations are equal, staff will endeavor to purchase materials, equipment and services from a qualified vendor whose primary location of business is within the District boundaries.
- F. Opportunities for cooperative purchasing, in order to take advantage of similar needs and economies of scale, will be pursued with other public agencies whenever such purchases are feasible and in the best interest of the District.

- G. The District shall not discriminate against any vendor or contractor because of race, color, religion, sex, national origin, ancestry, age, medical condition, sexual orientation, physical or mental disability, Vietnam-era veteran or special disabled veteran status, marital status or citizenship.

4.3.5 Types of Purchases

Each purchase shall be made through the ~~appropriate~~ applicable purchasing procedures identified for that type of purchase. Separate purchasing procedures shall exist for the procurement of supplies, equipment and non-professional services and for the procurement of professional services.

4.3.6 Documentation of Purchases

Each purchase shall be approved ~~requested and executed using~~ utilizing the appropriate form or document. The standard purchasing documents, depending on type of purchase, shall be the ~~purchase request,~~ purchase order, bid package, and services contract.

4.3.7 Supplies, Equipment and Non-Professional Services

- A. The procurement of supplies, equipment and non-professional services shall be conducted according to the following ~~procedural guidelines~~:
- open market purchases for items up to ~~\$5,000~~ 6,000;
 - informal written bids/quotations for items from ~~\$5,000~~ 6,000 to ~~\$50,000~~ 60,000; and
 - formal bids for items over ~~\$50,000~~ 60,000.
- B. The Board of Directors shall award all purchases based on formal bids.
- C. The purchase of highly technical supplies and equipment may be made through competitive negotiations following a request for proposals/evaluation process. Competitive negotiations for purchases of ~~\$50,000~~ 60,000 or more shall require Board approval.
- D. Sole source procurement from a single pre-qualified vendor may be conducted if the purchase item is obtainable only from that vendor based on availability and compatibility criteria. Sole source purchases of ~~\$\$50,000~~ 60,000 or more shall require Board approval.

4.3.8 Professional Services

- A. The procurement of professional services shall be conducted according to the following ~~procedural guidelines~~:
- open market procurement for services up to ~~\$50,000~~ 60,000; and

- requests for proposal for services over ~~\$50,000~~60,000.

B. Professional services contracts of ~~\$50,000~~60,000 or more shall be awarded by the Board of Directors.

4.3.9 ~~Purchase Requests and~~ Purchase Orders

A. All purchases of supplies, and equipment ~~and non-professional services in excess of \$5,000~~6,000 and all contracted services shall require completion and ~~proper~~ approval of a purchase ~~request~~order ~~(exceptions are noted below)~~. ~~Approved purchases shall be assigned a purchase order.~~

~~B. Exceptions to the purchase request/purchase order requirement may be approved in the following instances:~~

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- ~~blanket purchase orders with pre-qualified vendors; and~~
- ~~reimbursements from petty cash funds.~~

~~Each of the above shall have its own approval procedures.~~

4.3.10 Credit

A. The General Manager or designee may obtain District credit cards, gasoline cards, merchant cards or vendor credit to facilitate the procurement of services, supplies and equipment.

B. Purchases using a District credit card, gasoline card, merchant card or vendor credit card shall comply with applicable purchasing procedures.

4.3.~~10~~11 Contracts

A. A ~~formal~~ contract shall be required for all services performed for the District, ~~professional or otherwise, which cost more than \$5,000.~~

B. A letter agreement may be executed for services up to ~~\$5,000~~6,000.

C. Contract payments shall require prior approval and authorization ~~by more than one appropriate staff member if the invoice is over \$5,000.~~

D. Contract terms shall coincide with fiscal years wherever possible and shall not exceed three years without Board approval. Contracts in excess of \$50,00060,000 shall require Board approval.

4.3.~~11~~12 Contract Change Orders

- A. The General Manager has authority to execute ~~a single~~individual change orders not exceeding 10% of the contract amount or ~~\$100,000~~120,000, whichever is less, and not cumulatively exceeding 20% of the contract amount or ~~\$200,000~~240,000, whichever is less.
- B. The Board of Directors must formally approve all change orders that exceed the amounts set forth in 4.3.~~11~~12 A.

4.3.~~12~~13 Approvals

- A. All purchases shall be reviewed in advance for accuracy, appropriateness, and budget availability.
- B. All purchases shall be approved in advance by the appropriate level(s) in the organization commensurate with the type and amount of the purchase.
- C. All purchases shall be coordinated through Purchasing for the sake of efficiency, consistency, and fiscal control.

4.3.~~13~~14 Construction Projects

- A. Construction projects shall be awarded according to the ~~appropriate procurement~~applicable purchasing procedures. Contracts shall be required for all phases of a construction project.
- B. Construction projects which are let for formal bid shall require a formal construction bid package which has been approved by General Counsel and the General Manager.

4.3.~~14~~15 Disposal of Equipment and Supplies

- A. When obsolete equipment is replaced, every attempt should be made to exchange the old equipment as part of the new purchase.
- B. When surplus equipment must be discarded, it shall be disposed of through pre-approved channels in accordance with the best interests of the District's ratepayers.

4.3.~~15~~16 Emergency Purchases

- A. Authorized employees shall be able to make immediate purchases in the case of an emergency. Every effort shall be made to receive appropriate approvals in advance.

- B. ~~The proper~~ Applicable purchasing procedures (including forms and approvals) for the type of purchase made shall be completed as soon as possible following the purchase.

4.3.~~16~~17 Waiver of Purchasing Guidelines

The Board of Directors may approve a waiver of these purchasing policies on a case-by-case basis, such as for major construction projects, real estate acquisitions, and cooperative purchasing programs.

4.3.~~17~~18 Procedures

Purchasing procedures shall be developed to implement the directives set forth in this policy.